

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 2009-435-G - ORDER NO. 2010-250

MARCH 30, 2010

IN RE:	Application for Approval of Change in	)	ORDER APPROVING
	Methodology by Which Piedmont Natural Gas	)	CHANGE IN
	Company, Incorporated Calculates and	)	CALCULATION
	Records LAUF Adjustments to Its Gas Cost	)	METHODOLOGY

This matter comes before the Public Service Commission of South Carolina (“Commission”) on the Application of Piedmont Natural Gas Company, Inc. (“Piedmont” or the “Company”) requesting to change the methodology by which Piedmont calculates and records lost and unaccounted for adjustments (“LAUF”) to its gas costs and associated modifications to its Gas Costs Recovery Mechanism (“GCRM”) tariff. In addition, the Company requested Commission approval of the inclusion of unbilled volumes in its commodity and demand gas cost true-up calculations to more accurately match gas costs with collections.

The methodology currently utilized by Piedmont to calculate the annual LAUF true-up adjustment compares the aggregate LAUF adjustments contained in the prior year's monthly gas cost deferred account reports to the LAUF quantities approved in Piedmont's last general rate proceeding. This methodology has the effect of "trueing-up" Piedmont's LAUF adjustments to its rate case LAUF quantities, but it does not result in an accurate calculation of the actual LAUF quantities experienced by Piedmont during

the prior 12 months. Inasmuch as the actual LAUF quantities for any given year could be greater or smaller than the "trued-up" annual quantities derived from Piedmont's historic process, the probability exists that customers are paying either too little or too much for LAUF quantities during any given period.

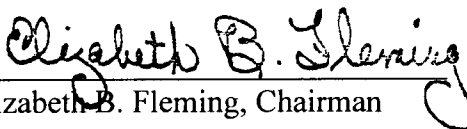
To avoid this outcome, the Company proposes employing a new methodology that compares the actual quantities of gas purchased by Piedmont to the actual quantities of gas sold to Piedmont's customers. By making this comparison, Piedmont asserts it can determine the exact amount of LAUF quantities experienced during any given period. Applying this methodology to Piedmont's gas cost deferred account on a monthly basis results in a more accurate LAUF adjustment and also eliminates the need for an annual LAUF true-up because the quantities calculated in its monthly reports reflect its actual LAUF experience.

Based on the foregoing, the Company proposes and this Commission approves the revisions to the GCRM tariff incorporating the changes necessary to adopt Piedmont's proposed revised LAUF methodology, as well as to reflect the Company's adoption of the Rate Stabilization Act. On a separate but related issue, the Company is seeking Commission approval for the inclusion of unbilled volumes in Piedmont's commodity and demand monthly gas cost true-up calculations in order to achieve a better matching of gas cost collections versus actual gas costs in the month they occur. This change to the monthly gas cost true-up calculation is hereby approved.

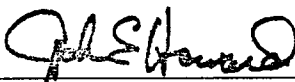
The Commission approves these accounting and tariff changes effective as of October 1, 2009 in order that the requested changes are synchronized with the Company's last annual true-up calculation. The Company shall file its revised tariff within ten (10) days of the date of this order.

This Order shall remain in full force and effect until further order of the Commission.

BY ORDER OF THE COMMISSION:

  
Elizabeth B. Fleming, Chairman

ATTEST:

  
John E. Howard, Vice Chairman  
(SEAL)